



STATE OF MICHIGAN

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Republicans introduce legislation to promote capital investment

LANSING – State Sen. Shirley Johnson, Senate Majority Leader Ken Sikkema and Rep. Dan Acciavatti today announced a new economic development bill to promote capital investment by some of Michigan's largest employers.

The proposed legislation would continue a Single Business Tax exemption for companies such as Delphi and Visteon on goods sold to their former parent companies. This tax exemption has already led to capital investments in Michigan totaling \$1.8 billion.

“This is a win-win situation for Michigan,” said Johnson, R-Troy. “With this proposal, companies like Delphi aren't hit with new taxes and the state sees hundreds of millions of dollars of new private investment.”

The SBT exemption was originally passed in 1999, the year Delphi separated from General Motors. Before the separation, sales between the companies were not taxed. Since the sales never were taxed, the previous exemption and the new legislation are revenue neutral for the state.

“Providing opportunities for companies to invest in jobs for Michigan’s workers and communities is vital,” said Sikkema, R-Wyoming. “By continuing this tax credit, the state is securing continued private investment in thousands of Michigan jobs.”

Both companies are required to maintain 80 percent of their workforce and 100 percent of the capital investment in Michigan to qualify for the exemption. If they fail to keep 80 percent of their workforce in Michigan, they still can qualify for the exemption by doubling their capital investment.

“We need to create a better situation for job providers,” said Acciavatti, R-Chesterfield Township. “If we continue to tax companies we will lose them. We need to support Michigan companies that invest in Michigan to keep jobs here.”

Both companies have invested more than the state’s annual requirement with significant investments at their facilities across the state. Delphi has invested more than \$1 billion since 1999, while Visteon has invested approximately \$800 million since 2000.

“It is unfair for a taxpayer’s Single Business Tax burden to increase significantly just because of a simple corporate reorganization,” Johnson said.

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